



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
SEPTEMBER 8, 2003

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600

**HOTEL EXECUTIVE PLEADS GUILTY IN
MULTI-MILLION-DOLLAR FEDERAL TAX EVASION SCHEME**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that BRETT G. TOLLMAN pled guilty in Manhattan federal court late Friday, September 5, 2003, to tax fraud charges relating to his participation in a multi-million dollar tax evasion scheme involving the use of foreign bank accounts and the Tollman-Hundley Hotel companies.

According to Court records and his guilty plea to a two-count criminal Information, TOLLMAN served as an executive at Tollman-Hundley Hotels, a private company based in New York, which owned and managed various Days Inn hotels throughout the United States. Also according to court records and the Information, TOLLMAN had various positions with The Travel Corporation, a British Virgins Island company that was and is the parent company to various travel and tourism companies, including Trafalgar Tours International and the Red Carnation Group of hotels.

TOLLMAN admitted as part of his guilty plea that from

1993-1999, he received from The Travel Corporation over \$2.7 million in compensation through a secret Channel Islands bank account maintained in the name Maxie Group, which amounts he knowingly failed to report to the IRS. According to Court records and the Information, BRETT TOLLMAN and others had signatory authority over that account, which was opened in order to receive the secret compensation from The Travel Corporation and its subsidiaries and affiliated companies, including Trafalgar Tours International and Red Carnation.

TOLLMAN also admitted that he was aware of an additional \$6 million that was paid to others by The Travel Corporation as part of the tax evasion scheme, which amounts were also not reported to the IRS. As part of his plea agreement, TOLLMAN agreed that the total tax loss suffered by the United States as a result of his tax fraud activity was \$3.5 million and agreed to make restitution in the full amount of the tax loss.

TOLLMAN also admitted as part of his plea agreement that he conspired with employees of the Tollman-Hundley companies to pay those employees various forms of compensation that was not reported to the IRS by the Tollman-Hundley companies or by the employees. According to the tax conspiracy charge to which TOLLMAN pled guilty and other court documents, the unreported compensation included rental payments for the employees' residences, off-the-books overtime payments, car lease payments, and insurance for employee

vehicles. According to TOLLMAN's plea agreement, the unreported compensation to Tollman-Hundley employees involved the payment of almost \$900,000, and a tax loss to the United States of over \$350,000.

Five defendants, including a lawyer and two accountants - MONTY D. HUNDLEY, STANLEY S. TOLLMAN, BRETT TOLLMAN's father, SANFORD FREEDMAN, JAMES CUTLER, and HOWARD ZUKERMAN - were charged in the case in April 2002 with tax and bank fraud charges.

The defendants, who are principals and corporate officers of several related companies that owned, managed, and operated Days Inn hotels throughout the United States, are alleged to have engaged in a massive scheme to defraud various financial institutions that had provided financing for the hotel companies of HUNDLEY and TOLLMAN, who are principals of those companies.

According to the Superseding Indictment, between 1994 and 1999, STANLEY S. TOLLMAN and his wife received in excess of \$35 million through their secret Channel Islands corporate bank accounts, which money they failed to report on their U.S. Individual Income Tax Returns.

According to Court records, STANLEY S. TOLLMAN is a fugitive, and the United States has made a request to the United Kingdom for his return pursuant to the extradition treaty between the United States and the United Kingdom.

Also according to Court records, Australian authorities

have arrested RICHARD MASEFIELD, a former president of Trafalgar Tours, USA, pursuant to complaint charging MASEFIELD and others with receiving hundreds of thousands of dollars of unreported compensation through secret Channel Islands bank accounts. According to court records, MASEFIELD, a New Zealand citizen, is fighting extradition in Australia.

The Superseding Indictment also charges MONTY D. HUNDLEY with failing to report to the IRS a Channel Islands bank account that he maintained at Royal Bank of Canada during the period 1995-1999.

Mr. COMEY praised the investigative efforts of the IRS and FBI. He also thanked law enforcement officials in Guernsey, the Channel Islands, for their extensive efforts in helping to obtain evidence that assisted in uncovering the massive tax fraud scheme. Mr. COMEY, said the investigation is continuing.

According to documents filed in court:

BRETT G. TOLLMAN, 42, who lives in Manhattan, faces a maximum sentence of five years in jail on each of the conspiracy and tax evasion charges he pled guilty to, together with a fine of \$7 million. United States District Judge LORRETTA A. PRESKA scheduled sentencing for Dec. 4, 2003

Co-defendants MONTY HUNDLEY, SANFORD FREEDMAN, JAMES CUTLER, and HOWARD ZUKERMAN are scheduled to go to trial on October 8, 2003 in Manhattan federal court.

Assistant United States Attorneys STANLEY J. OKULA, JR.,
PETER G. NEIMAN, and JOHN P. COLLINS, JR., are in charge of the
prosecution.

03-214

###